

236814

STATE OF SOUTH CAROLINA

(Caption of Case)

IN RE:

Application of United Utility Companies, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service,

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET
MAY 21 2012
DOCKET NUMBER: 2009 - 479

(Please type or print)
Submitted by: Duke K. McCall, Jr.
Address: Smith Moore Leatherwood LLP
PO Box 87
Greenville, SC 29602-0087
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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition
- ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input checked="" type="checkbox"/> Other: Settlement	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	Testimony	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

Print Form

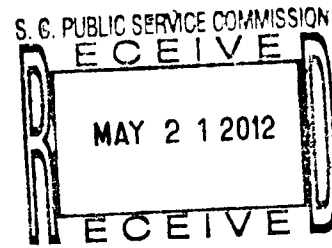
Reset Form

RETURN DATE: 5/16/12
SERVICE: OK



SMITH MOORE LEATHERWOOD

May 15, 2012



The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
P. O. Box 11649
Columbia, South Carolina 29211

Re: Application of United Utility Companies, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer services.
Docket No: 2009-479-WS

Dear Ms. Boyd:

Enclosed herewith please find the original and a copy of the Pre-filed testimony of Dr. James Epting, Jr., President of North Greenville University pursuant to the Notice of Hearing and Pre-file Testimony deadlines regarding Remand from The Supreme Court of South Carolina.

I would appreciate your acknowledging receipt of these documents by date-stamping the extra copy which is enclosed and returning the same to me. A self-addressed envelope is enclosed herewith for your convenience. ✓de

By a copy of this letter to all the parties of record or their attorneys, I am sending them a copy of this pre-filed testimony. A Certificate of Mailing is enclosed herewith also.

If you have any questions, please do not hesitate to contact me.

With kind regards,

Yours very truly,

SMITH MOORE LEATHERWOOD LLP

Duke K. McCall, Jr.

The Honorable Jocelyn G. Boyd
May 15, 2012
Page 2

cc: Mr. John M.S. Hoefer, Esq
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202

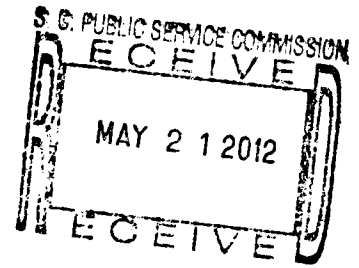
Ms. Nanette S. Edwards
Office of Regulatory Staff
1501 Main Street, Suite 900
Columbia, SC 29201

Robert D. Green
Lake Trollingwood, Inc.
141 Greybridge Road
Pelzer, SC 29669

GREENVILLE 1306548.1
5/15/12 11:47 AM

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2009-479-W/S



IN RE:)

Application of United Utility Companies,)
Inc. for adjustment of rates and charges)
and modification of certain terms and)
conditions for the provision of water and)
sewer service.)
_____)

PRE-FILED TESTIMONY OF
DR. JAMES B. EPTING

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND LOCATION OF**
2 **NORTH GREENVILLE UNIVERSITY?**

3 A. My name is Dr. James B. Epting I am employed as President of North
4 Greenville University. North Greenville University is located in Tigerville, the
5 northern part of Greenville County, South Carolina.

6 **Q. HAVE YOU TESTIFIED IN THIS CASE BEFORE?**

7 A. Yes

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY, DR.**
9 **EPTING?**

10 A. The purpose of my testimony is to confirm that North Greenville University has
11 reached a settlement with United Utility Companies concerning its request for a
12 rate increase for the following reasons:

13 First, the settlement provides for a very modest rate increase which is within the
14 operating budget of North Greenville University.

15 Second, the Settlement Agreement provides for a moratorium for United Utility
16 Companies to request a subsequent rate increase.

17 Third, North Greenville University is informed and believes that the settlement
18 reached with United Utility Companies is fair and equitable, not only as to North
19 Greenville, but to all customers of United Utility Companies with regard to its
20 sewer rates.

21 Finally, this agreement brings to closure an appeal by United Utility Companies
22 from the ruling of the Public Service Commission and thereby reduces North
23 Greenville University's legal expenses and ongoing payment of monies and costs
24 in the defense of this claim.

25 **Q. HOW WAS THIS SETTLEMENT REACHED ACCORDING TO YOUR**
26 **UNDERSTANDING, DR. EPTING?**

27 A. This settlement was reached through a series of negotiations with the legal
28 counsel of United Utility Companies and North Greenville University in which North
29 Greenville University agreed to increase its SFE's to 299 which would equal a monthly
30 payout to United Utility Companies of \$15,997.00 per month effective December 1,
30. 2011, with the understanding that this monthly rate would not be increased until after
31 June 30, 2013. This delay for any subsequent increase gives North Greenville University
32 a chance to explore options, not only with United Utility Companies, but also with others
33 concerning its waste water treatment and also to make essential budget adjustments in its
34 operation of the University.

35 **Q. DR. EPTING, WHAT IS YOUR UNDERSTANDING OF THE PERIOD OF**
36 **THE MORATORIUM THAT UNITED UTILITY COMPANIES HAS**

37 **AGREED TO?**

38 A. It is my understanding that United Utility Companies has agreed not to file for an
39 increase in its water or sewer rates until after January 1, 2013.

40 **Q. DR. EPTING, WHAT IS YOUR UNDERSTANDING CONCERNING**
41 **ADDITIONAL RATE EXPENSES BEING APPLIED TO THE BASE**
42 **RATE BY UNITED UTILITY COMPANIES?**

43 A. It is my understanding that United Utility Companies has agreed that no
44 additional rate case expenses will be applied to the base rate and that United Utility
45 Companies has the option of amortizing those expenses over five (5) years.

46 **Q. DR. EPTING, IS UNITED UTILITY COMPANIES UNDER THE TERMS**
47 **OF THE SETTLEMENT, IN ACCORDANCE WITH YOUR**
48 **UNDERSTANDING, RELIEVED OF THE RESPONSIBILITY OF**
49 **REPORTING IRON SEDIMENT IN TROLLINGWOOD SUBDIVISION**
50 **OR OF CONDUCTING VACANCY SURVEYS?**

51 A. According to my understanding, United Utility Companies has agreed to continue
52 to report to the Public Service Commission on the iron sediment in Trollingwood
53 Subdivision. It is also my understanding that United Utility Companies has agreed to
54 conduct the vacancy surveys at least annually beginning on the first anniversary of the
55 Commission's Order approving the settlement.

56 **Q. DR. EPTING, WHAT IS YOUR UNDERSTANDING AS TO THE**
57 **FAIRNESS OF THE PROPOSED SETTLEMENT AGREEMENT IN**
58 **UNITED UTILITY COMPANIES' REQUEST FOR ADJUSTMENT OF**

59 **RATES, CHARGES AND MODIFICATIONS TO CERTAIN TERMS AND**
60 **CONDITIONS FOR THE PROVISION OF WATER AND SEWER**
61 **SERVICE?**

62 A. On behalf of North Greenville University, it my opinion that the Settlement
63 Agreement is fair and reasonable, and according to my understanding covers a full
64 resolution of all issues created by United Utility Companies' request for a rate increase of
65 both water and sewer services in this Application.

66 **Q. DR. EPTING, WHAT IS YOUR UNDERSTANDING THAT UNITED**
67 **UTILITY COMPANIES HAS AGREED TO DO CONSIDERING IT'S**
68 **APPEAL WHICH IS PENDING IN THE SOUTH CAROLINA SUPREME**
69 **COURT?**

70 A. United Utility Companies has agreed to dismiss its appeal with prejudice under
71 the terms and provisions of this settlement, thereby closing out its application for increase
72 in rates for water and sewer services.

73 **Q. DR. EPTING, ON BEHALF OF NORTH GREENVILLE UNIVERSITY, IS**
74 **NORTH GREENVILLE UNIVERSITY RECOMMENDING TO THE**
75 **PUBLIC SERVICE COMMISSION THE APPROVAL OF THIS**
76 **SETTLEMENT AS SET FORTH IN THE SETTLEMENT AGREEMENT**
77 **DATED JANUARY 12, 2012, A COPY OF WHICH IS ATTACHED TO**
78 **THIS TESTIMONY AS EXHIBIT "A"?**

79 A. Yes, North Greenville University is recommending to the Public Service
80 Commission the approval of this Settlement Agreement dated January 12, 2012.

81 **Q. DOES THIS CONCLUDE YOUR TESTIMONY ON THE SETTLEMENT**

82 **AGREEMENT?**

83 **A. Yes, it does.**

EXHIBIT “A”

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2009-479-W/S

January 12, 2012

IN RE:

Application of United Utility Companies,
Inc., for adjustment of rates and charges
and modifications to certain terms and
conditions for the provision of water and
sewer service

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is submitted for Commission approval by United Utility Companies, Inc. ("UUC or the Company"), North Greenville University, ("NGU") and the Office of Regulatory Staff ("ORS") (together referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, the above-captioned proceeding was initiated by the filing of an Application of the Company for an increase in its rates and charges for water and sewer service; and

WHEREAS, in its Order Nos. 2010-375 and 2011-75 the Public Service Commission of South Carolina (the "Commission") denied the Company's request for a rate increase and UUC appealed the Commission's orders to the Supreme Court; and

WHEREAS, the Parties, who are the only parties of record in the above-captioned docket have varying legal positions regarding the issues in this case; and

WHEREAS, UUC, NGU and ORS have reached an agreement to settle the matter on appeal and as such seek Commission review and approval of this Agreement.

NOW, THEREFORE, the Parties hereby jointly propose the following terms of settlement which, if adopted by Commission Order, will address all issues arising from the above-captioned docket currently on appeal:

1. **Moratorium.** UUC agrees that it will not file an application for rate relief with the Commission for a rate increase in its water or sewer rates until after January 1, 2013 and acknowledges that any such application may only be made to the Commission.

2. **Revenue requirement.** UUC, NGU, and ORS agree that the combined revenue increase for water and sewer is \$150,263. The revenue increase for water is \$30,043 and \$120,220 for sewer. The rates permitting UUC to earn an additional \$150,263 annually are set forth in Exhibit 1 (Schedule of Rates and Charges) to this Agreement.

3. **Provisions affecting NGU.** (i) UUC shall bill NGU based on 299 SFEs, equivalent to the sum of \$15,997.00 per month effective December 1, 2011 with the understanding that this monthly amount will not be increased further until after June 30, 2013, and NGU accepts the amount of 299 SFEs and to pay the sewer charge on that basis with the understanding that the 299 SFEs will not be increased until after December 31, 2012; (ii) all past claims, issues, disputes, or matters which could be claimed or disputed by or among UUC and NGU regarding this matter are null and void and dismissed with prejudice; (iii) neither NGU nor UUC, their successors, assigns or subsidiaries will seek any retroactive charges, actions, or claims against each other arising out of their relationship with each other which now exist or may occur between the date of this settlement and January 1, 2013; and (iv) UUC and NGU expressly waive all claims which exist or may exist or be incurred prior to January 1, 2013, against the

other party to this agreement, its successors, subsidiaries or assigns, and this restriction shall apply to any and all claims, charges, actions which could be asserted through January 1, 2013.

4. Rate case expenses. No additional rate case expenses shall apply to rate base. The Company may amortize over five years the rate case expenses of \$123,033 recommended by ORS at hearing. Any additional rate case expenses may be carried on UUC's books and amortized over a five year period, but in no event shall such additional rate case expenses be included in rate base as a part of this proceeding or any future proceeding.

5. Tariff Modifications. The tariff modifications as set forth in ORS's proposed order, other than the monthly service rates, shall apply and are set forth in Exhibit 1 (Schedule of Rates and Charges) to this Agreement.

6. Reporting. A report regarding the iron sediment in Trollingwood shall be provided to the Commission and ORS; if appropriate, the company shall conduct additional flushing.

7. Vacancy surveys. Vacancy surveys that are not entirely reliant on Customer Care & Billing ("CC&B") shall be conducted at least annually by UUC, beginning on the first anniversary of a Commission order approving this Agreement, and the results reported to ORS and the Commission.

8. Regarding Paragraph 3 above wherein UUC and NGU have agreed that NGU will be billed based on 299 SFE's, ORS is not prohibited in any future rate case, to impute or make recommendations that would effectively impute additional SFE's, based upon the results of ORS's audit and examination.

9. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

The Settlement Agreement reached among the Parties serves the public interest as defined above.

10. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

11. If this Settlement Agreement is approved by the Commission, UUC agrees to dismiss with prejudice its appeal. If the Commission should decline to approve the Agreement in its entirety, then any Party desiring to do so may withdraw from the Agreement without penalty or obligation.

12. Except as otherwise expressly provided herein, the Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions

held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings.

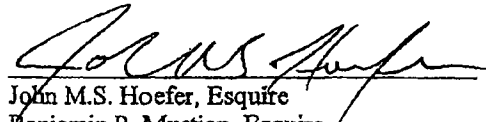
13. The Agreement shall be interpreted according to South Carolina law.

14. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGES FOLLOW]


WZS

Representing United Utility Companies, Inc.



John M.S. Hoefer, Esquire
Benjamin P. Mustian, Esquire

Willoughby & Hoefer, P.A.

Post Office Box 8416

930 Richland Street

Columbia, SC 29202-8416

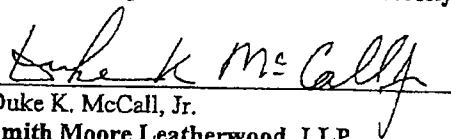
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Representing North Greenville University



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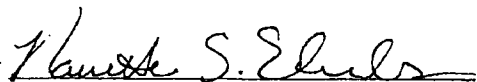
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Representing the South Carolina Office of Regulatory Staff



Nanette S. Edwards, Esquire

South Carolina Office of Regulatory Staff

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Phone: (803) 737-0575

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E-mail: nsedwar@regstaff.sc.gov



WATER

1. Monthly Charges

Residential –

Monthly charge per single-family
house, condominium, mobile home
or apartment unit:

Basic Facilities Charge	\$15.18 per unit
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.

Commercial

Basic Facilities Charge	\$15.18 per SFE
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-Recurring Charges

A) Water service connection charge per single-family equivalent*	\$100.00
B) Plant Impact fee per single-family equivalent*	\$400.00

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The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the water system is requested.

3. Account Set-Up and Reconnection Charges

- a. Customer Account Charge - for new customers only. \$25.00
- b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

6. Cross Connection Inspection

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F (Supp. 2008), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F (Supp. 2008), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. If a customer fails to comply with the requirement to perform annual inspections, the utility may, after 30 days' written notice, disconnect water service. The Utility shall provide affected customers with an advanced annual notification of such certification requirement.

7. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-732.2 (Supp. 2008) as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty-four of its issuance and the web address of its location.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities - 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2008), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

SEWER

I. Monthly Charges

Residential -

Monthly charge per single-family
house, condominium, villa,
or apartment unit:

\$53.50 per unit

Mobile Homes - monthly charge

\$39.46 per unit

Commercial - monthly charge
per single-family equivalent*

\$53.50

Charge for Sewage Collection Service Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

Residential - monthly charge per
single-family house, condominium,
mobile home, or apartment unit

\$27.35 per unit

Commercial - monthly charge per
single-family equivalent*

\$27.35

The Utility will also charge for treatment services provided by the government body or agency or other entity. The rates imposed or charged by the government body or agency or other entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rate basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted

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service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-recurring Charges

- | | |
|--|----------|
| A) Sewer service connection charge per single-family equivalent* | \$100.00 |
| B) Plant Impact fee per single-family equivalent* | \$400.00 |

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

a. Notification Fee

A fee of six dollars (\$6.00) shall be charged each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

- b. Customer Account Charge: A fee of twenty-five dollars (\$25.00) shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer also takes water service.

- c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnection service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. The amount of the reconnection fee shall be in accordance with R.103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Docket No. 2009-479-WS, Order No. 2012-_____
Date: January____, 2012

Exhibit 1
UNITED UTILITY COMPANIES, INC.

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

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6. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-532.1 (Supp. 2008) as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty-four of its issuance and the web address of its location.

7. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the utility for all damages and costs, including reasonable attorney's fees, incurred by the utility as a result thereof.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its sewer system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the

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serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities - 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2008), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

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2009-479-WS

Service Revenue Impact

for Test Year ending December 31, 2008

Water and Sewer Revenue Overview for Test Year Ending December 31, 2008

Customer Classification	Service Units	Consumption In Gallons	Usage Charge per 1,000 gallons	Base Facility Charge (BFC)	Test Year Calculated Revenues
5/8" and 3/4" Residential Water Service Revenues - Water	97	7,829,632	\$4.50	\$11.50	\$48,619
5/8" Sewer	633		\$0.00	\$48.24	\$366,431
5/8" Sewer	299		\$0.00	\$48.24	\$173,085
5/8" Sewer Mobile Home	0		\$0.00	\$48.24	\$0
5/8" Sewer Mobile Home	165		\$0.00	\$35.58	\$70,448
Commercial Sewer	10		\$0.00	\$24.66	\$2,959
Sewer Collection	0		\$0.00	\$48.24	\$0
Sewer Collection	234		\$0.00	\$24.66	\$69,245
Sewer Collection	21		\$0.00	\$24.66	\$6,214
Service Revenues - Sewer	345		\$0.00	\$24.66	\$102,082
	1,707				\$790,474
Total Water and Sewer Service Revenues					\$939,093
Miscellaneous Revenues					\$23,049
Miscellaneous Revenues - Other (2)					\$1,290
Total Miscellaneous Revenues					\$24,339
Uncollectible Accounts					(\$5,728)
Total Operating Revenues - Pro Forma Present					\$854,704

Water and Sewer Revenue Overview for Test Year Ending December 31, 2008 Using Proposed Settlement Rates

Customer Classification	Service Units	Consumption In Gallons	Usage Charge per 1,000 gallons	Base Facility Charge (BFC)	Test Year Calculated Revenues	Increase Amount from Present Rates	Increase %
Residential Water Service Revenues - Water	97	7,829,632	\$7.79	\$15.18	\$78,682	\$30,043	62%
	97	7,829,632			\$78,682	\$30,043	62%
Residential Sewer	633			\$53.50	\$406,386	\$39,955	11%
Residential Sewer	299			\$53.50	\$191,958	\$18,873	11%
Residential Sewer	53			\$53.50	\$34,026	\$34,026	N/A
Mobile Home Sewer	165			\$39.46	\$78,130	\$7,882	11%
Mobile Home Sewer	10			\$27.35	\$3,282	\$323	11%
Commercial Sewer	0			\$53.50	\$0	\$0	N/A
Sewer Collection	234			\$27.35	\$76,796	\$7,551	11%
Sewer Collection	21			\$27.35	\$6,892	\$678	11%
Sewer Collection	345			\$27.35	\$113,224	\$11,132	11%
Service Revenues - Sewer	1,760				\$910,694	\$120,220	15%
Total Water and Sewer Service Revenues					\$989,356	\$150,253	18%
Miscellaneous Revenues (1)					\$32,946	\$9,897	43%
Miscellaneous Revenues - Other (2)					\$1,290	\$0	0%
Total Miscellaneous Revenues					\$34,236	\$9,897	41%
Uncollectible Accounts					(\$10,291)	(\$1,563)	16%
Total Operating Revenues - Pro Forma Proposed					\$1,013,301	\$158,597	19%

- "Miscellaneous Revenues" are increased due to late payment charges from higher monthly charges and UUCI's proposed increase in its "Notification Fee." The interest amount or late payment charges for monthly charges will be greater due to the higher proposed rate.
- "Miscellaneous Revenues - Other" is added by ORS to account for UUCI's revenue received from a 3rd party vendor, Home Service, for the use of UUCI customer information to market a product to provide insurance for repairs that may be required on customer-owned piping. ORS allocated Miscellaneous Revenue Other based on ERCA.
- ORS revenue calculations for "Uncollectible Accounts" at proposed rates incorporated charges associated with higher proposed rates.

Description	Test Year				Proposed in our filing				Revenue Increase
	Usage Charge	BFC	Gallons	Units	Revenues	Usage Charge	BFC	Gallons	
Residential Water	\$ 4.50	\$ 11.50	7,829,632	1,164	\$ 48,619	\$ 7.79	\$ 15.18	7,829,632	\$ 78,662 \$ 30,043
Total			7,829,632	1,164	\$ 48,619			7,829,632	\$ 78,662 \$ 30,043

Description	Test Year				Test Year w/ Additional NGU SFE, Unbilled Cust. & 10.9% Increase				Revenue Increase
	Usage Charge	Rate	Gallons	Units	Revenues	Usage Charge	Rate	Gallons	
Sewer (Res. & Com.)	\$ -	\$ 48.24	-	11,184	\$ 539,516	\$ -	\$ 53.50	-	\$ 632,371 \$ 92,855
5/8" Sewer-Mobile Home	\$ -	\$ 35.58	-	1,980	70,448	-	\$ 39.46	-	78,130 7,682
Sewer Collection Charge	\$ -	\$ 24.66	-	7,320	180,511	-	\$ 27.35	-	200,194 19,683
Total			-	20,484	\$ 790,475			-	\$ 910,695 \$ 120,220

\$ 150,263

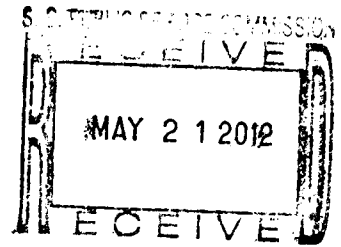
United Utility Companies, Inc.
Docket No. 2009-479-WS
Operating Experience, Rate Base and Rates of Return
For the Test Year Ended December 31, 2008
Combined Operations

SML - Settlement Exhibit 3

Description	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) Applicant's Proposed Increase \$	(5) After Applicant's Proposed Increase \$
<u>Operating Revenues:</u>					
Service Revenues - Water	47,368	1,251	48,619	30,043	78,662
Service Revenues - Sewer	757,005	33,469	790,474	120,220	910,694
Miscellaneous Revenues	23,049	1,290	24,339	9,897	34,236
Uncollectible Accounts	(9,017)	289	(8,728)	(1,563)	(10,291)
Total Operating Revenues	818,405	36,299	854,704	158,597	1,013,301
<u>Maintenance Expenses:</u>					
Salaries and Wages	169,510	(21,255)	148,255	0	148,255
Purchased Power	87,214	0	87,214	0	87,214
Purchased Sewer & Water	17,898	(14,524)	3,374	0	3,374
Maintenance and Repair	133,023	(3,255)	129,768	0	129,768
Maintenance and Testing	243,596	(207,249)	36,347	0	36,347
Chemicals	30,311	0	30,311	0	30,311
Transportation	12,878	5,294	18,172	0	18,172
Operating exp. Charged to Plant	(29,235)	(8,466)	(37,701)	0	(37,701)
Outside Services - Other	7,037	(2,339)	4,698	0	4,698
Total	672,232	(251,794)	420,438	0	420,438
<u>General Expenses:</u>					
Salaries and Wages	38,283	(11,286)	26,997	0	26,997
Office Supplies & Other Office Exp.	17,971	(318)	17,653	0	17,653
Regulatory Commission Exp.	31,891	(7,283)	24,608	0	24,608
Pension & Other Benefits	23,645	9,953	33,598	0	33,598
Insurance	10,490	0	10,490	0	10,490
Office Utilities	11,687	0	11,687	0	11,687
Miscellaneous	11,794	(50)	11,744	0	11,744
Total	145,761	(8,984)	136,777	0	136,777
Depreciation	104,299	5,165	109,464	0	109,464
Taxes Other Than Income	122,312	(6,554)	115,758	1,521	117,279
Deferred Income Taxes - State & Fed	14,212	0	14,212	0	14,212
Income Taxes - State & Fed	(92,931)	97,847	4,916	60,082	64,998
Amortization of CIAC	(44,562)	(18)	(44,580)	0	(44,580)
Total	103,330	96,440	199,770	61,603	261,373
Total Operating Expenses	921,323	(164,338)	756,985	61,603	818,588
Total Operating Income	(102,918)	200,637	97,719	96,994	194,713
Interest During Construction	(10,384)	10,384	0	0	0
Customer Growth	0	723	723	704	1,427
Net Income for Return	(113,302)	211,744	98,442	97,698	196,140
<u>Original Cost Rate Base:</u>					
Gross Plant in Service	6,031,383	127,698	6,159,081	0	6,159,081
Accumulated Depreciation	(471,912)	64,694	(407,218)	0	(407,218)
Net Plant in Service	5,559,471	192,392	5,751,863	0	5,751,863
Cash Working Capital	117,538	(47,886)	69,652	0	69,652
Contributions in Aid of Construction	(2,492,868)	18	(2,492,850)	0	(2,492,850)
Accumulated Deferred Income Taxes	(305,676)	0	(305,676)	0	(305,676)
Customer Deposits	(57,714)	0	(57,714)	0	(57,714)
Total Rate Base	2,820,751	144,524	2,965,275	0	2,965,275
Return on Rate Base	-4.02%		3.32%		6.61%
Operating Margin	-20.54%		-0.65%		9.09%
Interest Expense	54,806		103,996		103,996
Return on Equity	-12.76%		-0.40%		6.64%

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2009-479-W/S



IN RE:)

)
Application of United Utility Companies,)
Inc. for adjustment of rates and charges)
and modification of certain terms and)
conditions for the provision of water and)
sewer service.)
_____)

CERTIFICATE OF SERVICE

This is to certify that service of the Pre-Filed Testimony of Dr. James B. Epting was made on all counsel this 10th day of May, 2012, by U.S. mail, postage prepaid, as follows:

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